

Message Text

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10

ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01 PRS-01 USIA-06

NEA-09 /102 W

----- 096045

R 251456Z MAR 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 4918

INFO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY MONTEVIDEO

AMEMBASSY SANTIAGO

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E.O. 11652: N/A

TAGS: ENRG XM

SUBJECT: PETROLEUM: ARPEL MEETING

1. DELEGATES FROM THE NINE LATIN AMERICAN STATE OIL COMPANIES BELONGING TO ARPEL (AISTENCIA RECEIPROCA PETROLERA ESTATAL LATINOAMERICANA) MET IN QUITO MARCH 17-21 FOR THE ORGANIZATION'S TENTH ASSEMBLY. (STATE OIL COMPANIES OF INFO ADDRESSE HOST COUNTRIES AND ECUADOR.) OBSERVERS ATTENDED FROM OPEC, IDB, UN, PARAGUAY, TRINIDAD AND TOBAGO, FRANCE AND ITALY. AMONG THE ITEMS ON A RATHER ROUTINE AGENDA WERE A PROPOSAL TO MAKE A SUTDY OF THE CURRENT STRUCTURE OF TRADE IN HYDROCARBONS, A DISCUSSION OF ARPEL RELATIONS WITH OLADE, A PLAN OF ACTIVITIES

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FOR 1975-77, AND ESTABLISHMENT OF A PERMANENT TECHNICAL SECRE-

TARIAT. SECRETARY GENERAL JOSE LUIS MASADA VARGAS (PERU) DID NOT ATTEND BECAUSE OF ILLNESS.

2. ECUADOREAN MINNATRES LUIS SALAZAR INAUGURATED ASSEMBLY. IN HIS SPEECH HE ASSAILED PERSISTENCE OF OUTMODED GREAT POWER ZONES OF INFLUENCE AND COLONIALISM AND PRAISED ARPEL AS AN EXAMPLE OF THE NEW MENTALITY OF SELF-DETERMINATION AND SELF-MANAGEMENT OF RESOURCES. HE ALSO TOOK OPPORTUNITY TO ATTACK TRADE REFORM ACT AS INSTANCE OF THE UNITED STATES THROWING TO THE GROUND ANY RIGHT TO PROCLAIM ITSELF THE CHAMPION OF INTERNATIONAL EQUALITY.

3. ADDRESSING PLENARY SESSION ON THE WORLD PETROLEUM SITUATION, VENEZUELAN OSCAR ROJAS BOCCALANDRO (CVP) PREDICTED WORLD PETROLEUM DEMAND WILL RISE FROM 49.5 MILLION BPD IN 1975 TO 170 MILLION BPD IN YEAR 2000 WITH PETROLEUM'S SHARE OF TOTAL ENERGY DEMAND INCREASING. HE PREDICTED THAT PRODUCTION COSTS AND CAPITAL REQUIREMENTS WILL ALSO RISE STEADILY. REFERRING TO RECENT SUMMIT IN ALGIERS HE SAID RESULTS ASSURE UNITY OF OPEC AND THIRD WORLD AT PRODUCER-CONSUMER MEETINGS. HE REPEATED IDEA THAT IF PRODUCERS ARE TO STABILIZE PETROLEUM PRICE, INDUSTRIALIZED COUNTRIES WILL HAVE TO STABILIZE THEIR EXPORT PRICES AND ACCEPT A RATIONAL STABILIZATION OF PRICES OF BASIC PRODUCTS OF THIRD WORLD. HE COMMENTED THAT WHILE VENEZUELA DOES NOT BELIEVE IN DIFFERENTIAL PETROLEUM PRICES, IT IS PREPARED TO SHARE ITS PETROLEUM WITH REST OF LATIN AMERICA THROUGH SPECIAL CREDITS WITHOUT STRINGS SO THAT HIGH PRICE DOES NOT ADVERSELY AFFECT DEVELOPMENT.

4. CHILEAN HERNAN BRICENO (ENAP) REVIEWED THE DIRECT AND ADVERSE EFFECTS OF PETROLEUM CRISIS ON ENAP AND SAID IMPORTED CRUDE COSTS ROSE BY \$267 MILLION IN 1974. HE EXPRESSED HOPE THAT THE SITUATION IN 1975 WILL REACH A MORE NORMAL ADJUSTMENT. BRAZILIAN DEL FROM PETROBRAS CONFINED HIMSELF TO REVIEW OF THE ORGANIZATION AND ACTIVITIES OF THE STATE PETROLEUM MONOPOLY. SPEECHES BY OTHER DELEGATION CHIEFS WENT UNREPORTED IN PRESS AND UNDISTRIBUTED.

5. THE ASSEMBLY VOTED TO HAVE EXPERTS DRAW UP THE BASES FOR COMMISSIONING AN OUTSIDE STUDY ANALYZING THE STRUCTURE OF TRADE IN HYDROCARBONS IN LATIN AMERICA. IT RESOLVED TO STEP UP CON-LIMITED OFFICIAL USE

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TACTS WITH OLADE AND TO COORDINATE WITH OLADE TO AVOID DUPLICATION OF EFFORT. IT AGREED TO INVITE NON-MEMBER STATE OIL COMPANIES AND LA GOVERNMENTS WITHOUT SUCH COMPANIES TO ATTEND FUTURE ARPEL MEETINGS AS OBSERVERS. THE ARGENTINE COMPANY GAS DEL ESTADO WXKBITAMPD# IS ARPEL'S TENTH MEEMBEER COMPANY. MEET-

INGS OF EXPERTS ARE TO BE HELD DURING 1975 IN BRAZIL, ARGENTINA, BOLIVIA, AND VENEZUELA. THEY WILL PURSUE FURHTER THE QUESTION OF

ESTABLISHING A PERMANENT TECHNICAL SECRETARIAT. THE NEXT
ASSEMBLY IS SET FOR SANTIAGO IN APRIL OR MAY 1976. URUGUAYAN
CARLOS VANRELL (ANCAP) WAS SELECTED AS SECRETARY-GENERAL FOR
1975-1976.
BREWSTER

NOTE BY OC/T: # AS RECEIVED WILL SERVICE UPON REQUEST.

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